
Investment Steering Committee (ISC)

Minutes of a meeting of the Investment Steering Committee held at 11:30am at County Hall, Chelmsford on 24 July 2013

Present

Cllr R L Bass (Chairman)	Essex CC
Cllr Hume (Vice Chairman)	Essex CC
Cllr S Barker	Essex CC
Cllr K Clempner	Essex CC
Cllr J Whitehouse	Essex CC
Cllr K Bobbin (substitute for Labour Group)	Essex CC
Cllr J Archer (Observer representing Employers)	Maldon DC
Keith Blackburn (Observer representing scheme members)	UNISON

The following Board members were present;

Cllr Michael Danvers	Essex Pension Board
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The following Advisers were present in support of the meeting;

Keith Neale	Independent Adviser
John Dickson	Hymans Robertson
Matt Woodman	Hymans Robertson

The following officers were present in support of the meeting;

Kevin McDonald	Director of Essex Pension Fund
Jody Evans	Head of Essex Pension Fund
Samantha Andrews	Investment Manager

1 Apologies for absence

It was noted that Cllr N Le Gresley, Essex CC and Margaret Lee, Executive Director for Corporate Services were unable to attend the meeting.

2 Declarations of Interest

None were made.

3 Minutes

The minutes of the meeting of the Committee which took place 20 June 2013 were approved as a correct record.

4 Statement for Investment Principles

a. Revised format Statement of Investment Principles (SIP)

A report from the Director for Essex Pension Fund was received which followed the March 2013 ISC decision to bring an updated reformatted SIP back to the Committee which incorporated the most recent changes to the Fund's Investment structure as agreed at this meeting.

The Committee's attention was drawn to two material additions which had been made to the original content:

- the inclusion for the first time of the full risk register of all of the investment and funding risks (Appendix E); and
- the expansion to the wording of the first investment belief entitled: "Local authority funds take a long term view of investment strategy" to include the following final sentence: ***"The ISC has noted the increasing maturity of the Fund and potential change in cashflow position on the horizon. It is therefore also taking this into consideration in decision making"***

It was agreed:

- that the two material additions be included in the revised SIP; and
- that the new format be noted.

b. Statement of Compliance (SC): Myners Principles

The Committee received a report by the Director for the Essex Pension Fund outlining the requirement for producing a SC with the Myners principles on investment decision making. Members were given an explanation of the purpose of the SC and the reasoning behind updating the statement.

It was agreed:

- that the updated SC be added to the revised formatted SIP as Appendix F; and
- that the substantive revised format SIP be circulated for consultation.

5 Urgent Part 1 Business

There was none.

6 Exclusion of the Public

Resolved:

That the Public (including the press) be excluded from the meeting during consideration of the following items on the grounds that they involve the likely

disclosure of exempt information as specified in Part 1 of Schedule 12A of the Local Government Act 1972:

- Review of Investment Performance for the year to 31 March 2013
- Review of Strategy and Structure
 - Review of Alternatives
 - Review of UK tilted equity exposure
- Global Equity Mandates
- Global Equity Manager presentation – Pyrford
- Global Equity Manager presentation – M&G Investments
- Global Equity Manager presentation – Longview

7 Review of Investment Performance for the year to 31 March 2013

(Press & public excluded)

The Committee received a presentation from John Dickson summarising the investment performance to 31 March 2013 of the investment managers of the Fund along with a synopsis of market conditions during this time.

Following discussions the report was noted.

8 Review of Strategy & Structure

(Press & public excluded)

a. Review of UK tilted equity exposure

The ISC received a presentation from Matt Woodman from Hymans Robertson on this report.

Following detailed discussions **it was agreed:**

- to ask Legal & General Investment Management (LGIM) to tilt the Fund's passive UK equity exposure in favour of mid-cap stocks by setting up a pooled FTSE Mid 250 tracking fund; and
- to allocate £100m from the FTSE All Share tracking fund to the new FTSE Mid 250 tracking fund. The Essex Fund's direct and look through exposure to mid-cap and small cap stocks would rise from c.£45m to c.£130m within the overall £300m UK equity exposure.

b. Review of alternatives

The ISC received a presentation from Matt Woodman from Hymans Robertson on this report.

Following detailed discussions **it was agreed:**

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- that the strategic asset allocation to property be reset from 15% to its original level of 12%;
 - to maintain the current 2% weighting a £25m commitment is made in principle to the Partners' 2012 Infrastructure fund subject to further due diligence by Fund officers in consultation with Advisers;
 - that, in view of the shortfall of alternative assets relative to target, that a further allocation to Partners up to 2% of the Fund be approved subject to due diligence by Fund officers and advisers.;
 - that an additional 1% allocation is made to the Stafford Timberland SIT VII fund, bringing the Fund's allocation to timberland in line with its strategic target of 2%; and
 - that the timetable outlining future items for consideration would be adopted.
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The meeting was adjourned at 1pm for luncheon. The meeting reconvened at 1:45pm.

9 Global Equity Mandates

(Press & public excluded)

The Committee received a report from Hymans Robertson outlining the Global equity mandate selection process to date. It was explained that 5 managers reached the qualifying hurdle for interview and made presentations to Officers and Advisers on 12 June 2013. Three of these managers, Longview, M&G and Pyrford met the required qualifying score and were then invited to interview.

The report was noted.

10 Global Equity Manager - Pyrford

(Press and public excluded)

The Committee received a presentation from Tony Cousins & Lars Neilson

11 Global Equity Manager - M&G

(Press and public excluded)

The Committee received a presentation from Simon Bailey & Peter Gibson

12 Global Equity Manager – Longview

(Press and public excluded)

The Committee received a presentation from Alistair Graham, Marina Lund & Ramzi

Following consideration of the presentations and discussion **it was agreed:**

- M&G Investments and Longview be appointed to manage the two vacant global equity mandates each for 7% of Fund assets; and
- that officers, in conjunction with fund advisers, be authorised to finalise the arrangements.

13 Urgent Exempt Business

(Press and public excluded)

There was none.

There being no further business, the meeting closed at 4:05pm.

Chairman
16 October 2013